DDI 0047-87

Central Intelligence Agency
Office of the Deputy Director for Intelligence

- 7 JAN 1987

NOTE TO: Acting Director of Central Intelligence

SUBJECT: OGI Paper on Arctic Petroleum Development

    Attached is a letter from you to Frank
Carlucci bringing to his attention the OGI
paper on Arctic petroleum development and
the policy issues that have to be resolved
as the Soviets move to develop their Arctic
resources. We previously sent letters to
Secretaries Shultz, Weinberger, Herrington,
and Baldrige per Bill Casey's request.

STAT

Richard J. Kerr
Deputy Director for Intelligence

Attachments:
As stated

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Central Intelligence Agency

DDI- _00047/1.87

Washington, D.C. 20505

08 JAN 1987

The Honorable Frank C. Carlucci
Assistant to the President for
  National Security Affairs
The White House
Washington, D.C.   20500

Dear Mr. Carlucci:

     We have recently completed a study on Arctic petroleum development that
looks at Moscow's need for Western equipment to develop extensive Arctic oil
potential.

     Put simply, the Soviets will need Western help and equipment to exploit
any major offshore oil finds in this century. In fact, this may be critical
for the Soviets if they are to avoid a serious oil export decline in the next
decade. The availability of this technology from a number of Western
countries, including Japan, could make it relatively easy for the Soviets to
get the help they need. This puts a premium on devising a Western strategy
for dealing with the USSR on this issue. Although agreement on such a
strategy would be very difficult to obtain, without it the Soviets will be
able to play one supplier against another. One aspect of this strategy may be
to encourage maximum exploration and development of Western-controlled Arctic
areas, giving equipment suppliers and technicians a more acceptable market for
their expertise.

                                        Sincerely,

                               /s/ Robert M. Gates

                               Robert M. Gates
                      Acting Director of Central Intelligence

Enclosure:
   Arctic Petroleum Paper

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OGI/SRD/SFB/ _____ (5Jan87)

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